FISHER Investment Real Estate
Real Estate & Investment Advisors · Due Diligence

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Laurie ten Hope
Deputy Executive Director for Energy R&D
California Energy Commission
1516 Ninth Street
Sacramento, CA 95814

RE: Docket Number 12-EPIC-01

Dear Ms. ten Hope et-al:

I would like to thank you and staff for coordinating the Second Triennial Investment Plan for the EPIC program and your continued support in this public/private effort. My company provides investment advice on renewable energy related mixed-use development projects i.e., residential communities with a retail component and we believe recent advances in PV efficiencies, bulk energy storage systems and net metering technology, that large-scale demonstration and deployment of truly integrated ZNE residential subdivisions are now possible. As 2015-2017 EPIC Investment Plan (**EPIC-2**) begins to take shape, we are grateful to for the opportunity to proved comment.

The proposed funding initiatives for EPIC-2 that are of great interest include "key factors driving clean energy development and known barriers and gaps ".

Challenge:
In our opinion, investment i.e., of risk (perceived or otherwise), yield rates of return for similar risk investment, and acceptable exit strategies, will remain the primary driver of clean energy development. As such, we find potential green development projects in a "what comes first? The chicken or the egg scenario". Private-equity is usually the first stop a developer reaches out to when he begins the long road to capitalizing his project. And if private-equity is encouraged enough to consider investing in a "green-development project", it will want (demand) greater assurance that such a project being proposed has merit —-other than the developers words.

Potential Solution:
To assist the development community in pursuing "green development projects", we would like to be able to attach an Endorsement Letter, or a Letter of Interest from CEC. Similar to the grid interconnection Pre-Application Request that SCE offers i.e., for $300 a developer can better determine if a site is suitable (financially feasible) for green development, so too could

the CEC, (for a small fee), provide a Preliminary Project Review (PPR). The PPR could simply state i.e., that the subject project has merit and encourage a project's continued efforts. It would be non-binding and non-committal etc. Attaching such a PPR to a proposed green development project would help strengthen and clarify the "green" aspects of a project, and assist in adding a small amount of comfort in the mind of the investor. For example, an investor would be informed from a potential primary participant that the developer is engaged in the EPIC process, demonstrating a grasp of the roll that EPIC might play in the projects goals.

A PPR could bring some comfort to potential green-project equity investors at the most crucial first-stage of the development cycle —the capital raise. It is common for a traditional residential development (non-green) to take anywhere from 18 to 36 months to get a site designed and approved by a Planning department. Should a developer wish to reduce this 2+year site /zoning approval time for a green-project and have it shovel-ready at the moment a PPA is signed, he would need to expose a considerable amount of funds at-risk i.e., costs associated with the design of a grid connected, residential net-energy micro-grid community. A PPR, while not binding on the part of the CEC, would help assuage any unwarranted investor concerns and would assist in moving such a project forward and thus shaving 24-months off delivery of such a large-scale deployment.

Challenge:
New Home Solar Partnership provides rebates to developers only after the roof-top solar panels are mounted to the roof of the home. As stated NHSP does not allow for any alternate placement of the solar panels other than the roof of a house. A developer with an alternate plan for the placement of the solar panels i.e., many home buyers find current solar panel design and roof placement as unsightly and therefore a developer might want to assign the panels to the side of a hill as a community solar area, out of sight from potential home buyers. But doing so would disqualify his housing development because the panels are not roof-mounted, even though they serve an identical purpose.

Potential Solution:
Allow the developer to make application for an on-site alternative placement of the panels and still qualify for the rebate currently provided to roof-mount only.

Challenge:
One of EPIC's objectives is to "Develop Innovative Solutions to Increase the Market Penetration of Distributed Renewable and Advanced Generation". Federal and State programs through grants, tax credits, incentives and rebates are currently the primary mover for green development. As a green-developer, we are looking to marry our renewable energy development concepts with the Fed and Sate policies. As such, we look to California ISO Guide "Resource Adequacy Deliverability for Distributed Generation Revised Assessment Results. In the guide, we look to the work sheet (beginning on page 11) for substations and their potential DGD. This should give us a definitive location for substations that have available DGD capacity and expedite a developer's "Go or No Go" decision process for its "green-development" site selection. We have come to realize that due

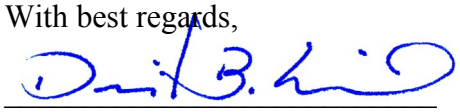
to FERC and CEII regulations, the public/developers are not allowed to know where these sub-stations are located, and therefore are unable to determine if a development site would be a viable candidate. Current conditions require a developer to submit a Pre Application Request per site do determine if it will work —a very time consuming, costly and arduous effort in reaching site determination.

Potential Solution:
Allow a point-of-contact at the ISO level, or at CEC who has established a relationship with the developer/applicant to work more closely with. Or run a background check on the developer/applicant. Either solution would go along way to improve the process of developing emerging utility-scale renewable energy generation systems.

In addition to these few areas that we hope EPIC-2 will address, we also ask EPIC-2 to consider rewarding participants of innovative energy savings concepts with grant and/or rebate programs i.e., use a formula similar to the NHSP rebate program i.e., (# of solar panels on roof-top equals energy savings in dollars over the 20-year life of the panels.)

Thank you for taking time to review these comments and we look forward to working with the CEC, SCE and other EPIC-2 participants in the coming months.

With best regards,



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